KINGTIME INTERNATIONAL LTD & ANOR v. PETROFAC E & C SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
WONG KIAN KHEONG J
[CIVIL SUIT NO: 22IP-63-11-2015]
29 JULY 2019

CIVIL PROCEDURE: *Discovery – Post-trial discovery – Patent infringement – Patent owner took into account all profits made by infringer – Post-trial application for discovery of infringer's documents – Circumstances that call for granting of post-trial discovery order – Whether court has discretionary power to order discovery of documents after deciding on liability of parties after trial – Whether court has power to grant protective order to protect confidential information – Whether protective order ought to be granted – Rules of Court 2012, O. 24 rr. 3(1), 7(1) & 8*

The plaintiffs had commenced a suit at the High Court, against the defendant, for patents infringement. The first plaintiff's suit was allowed while the second plaintiff's suit was dismissed. The first plaintiff then elected to take into account all the profits made by the defendant from the patent infringement and, for this purpose, filed the present application ('encl. 176') for the discovery of, *inter alia,* (i) contract documents between the defendant and Petronas Carigali Sdn Bhd ('Petronas') for the 'Mobile Offshore Production Unit' of the 'Sepat Project' ('the project'); (ii) the documents between the defendant and its subcontractors, suppliers and consultants for the project; and (iii) the defendant's income statements and transfer pricing documents regarding the project. The issues that arose for determination were (i) after deciding on the liability of parties after a trial, does the court have the power, under O. 24 rr. 3(1) and 7(1) of the Rules of Court 2012 ('ROC'), to order discovery of documents in aid of the account of profits ('post-trial discovery order'); and (ii) if the court can grant a post-trial discovery order in aid of the account of profits, whether the court has the power to grant a protective order to protect confidential information which may be disclosed pursuant to the post-trial discovery order.

Held (allowing encl. 176):

(1) The court has a discretion, under O. 24 rr. 3(1) and/or 7(1) of the ROC to grant a post-trial discovery order to (i) assist the execution of a judgment of order; (ii) enable a plaintiff to make an informed election regarding an assessment of damages or account of profits; and (iii) to aid an assessment of damages or account of profits, as in this case. The discretionary power of the court, to grant a post-trial discovery order, is clear from the words 'may at any time' in O. 24 rr. 3(1) and/or 7(1) of the ROC. (para 9)

(2) Under O. 24 r. 3(1) and (4) of the ROC, the court may order discovery of four categories of documents as follows: (i) a party applying for discovery, or the applicant, relies or will rely on the document in question, or the requested document; (ii) the requested document can adversely affect the applicant's case; (iii) the requested document can adversely affect another party's case; and/or (iv) the requested document can support another party's case. Pursuant to O. 24 r. 7(1) and (3) of the ROC, the court may order discovery of the following five categories of documents: (i) the applicant relies or will rely on the requested document;(ii) the requested document can adversely affect the applicant's case; (iii) the requested document can adversely affect another party's case; (iv) the requested document can support another party's case; and/or (v) the requested document may lead the applicant to a series of inquiry resulting in the obtaining of information which may: (a) adversely affect the applicant's case; (b) adversely affect another party's case; and/or (c) support another party's case. (paras 12 & 13)

(3) The court's exercise of discretion to order discovery of documents, pursuant to O. 24 rr. 3 and 7 of the ROC, depends on the particular circumstances of each case. Order 24 rr. 3 and 7 of the ROC apply to a 'document'. Order 1 r. 4(1) of the ROC defines a 'document' to mean 'anything in which information of any description is recorded and includes a claim, summons, application, judgment, order, affidavit, witness statement or any other document used in a court proceeding'. An applicant can apply, under O. 24 rr. 3 and/or 7 of the ROC, against another party for the discovery of a requested document in the latter's 'possession, custody or power'. The court's power under O. 24 r. 3(1) of the ROC is subject to O. 24 rr. 4 and 8 of the ROC; the court's power pursuant to O. 24 r. 7(1) of the ROC is subject to O. 24 r. 8 of the ROC. According to O. 24 r. 8 of the ROC, an applicant has to satisfy the court that the discovery order is necessary for (i) a fair disposal of the case in question; or (ii) saving costs. The court may order discovery of any document falling within the four categories under O. 24 r. 3(1) and (4) of the ROC. Any document within the five categories may be the subject matter of a discovery order under O. 24 r. 7(1) and (3) of the ROC. The applicant has the burden to persuade the court to exercise its discretion to order discovery pursuant to O. 24 rr. 3 and/or 7 of the ROC. (para 15)

(4) The first plaintiff had discharged the onus to satisfy this court that: (i) the requested documents fell within the following two of the four categories under O. 24 r. 3(1) and (4) of the ROC: (a) the first plaintiff relied or will rely on the requested documents for the account of profits; and/or (b) the requested documents can adversely affect the defendant's case in the account of profits within the meaning of O. 24 r. 3(4)(b)(ii) of the ROC. The requested documents constitute the following three of the five categories under O. 24 r. 7(1) and (3) of the ROC: (i) the requested documents were relied on or would be relied on by the first plaintiff in the account of profits; (ii) the requested documents could adversely affect the defendant's case in the account of profits, as understood in O. 24 r. 7(3)(b)(ii) of the ROC; and/or (iii) the requested document may lead the first plaintiff to a series of inquiry resulting in the obtaining of information which may adversely affect the defendant's case in the account of profits within the meaning of O. 24 r. 7(3)(c)(ii) of the ROC. Order 24 r. 8 of the ROC was fulfilled in this case because the discovery of the requested documents was necessary to (i) to dispose fairly the account of profits; and/or (ii) save costs in respect of the account of profits. (para 17)

(5) When a party is successful in obtaining a discovery order, there is an implied undertaking that the party could only use the documents disclosed by the discovery order for the case in question and not to use the documents for any collateral or ulterior purpose. The implied undertaking by the first plaintiff was not adequate to protect the defendant's legitimate interest in the confidential information belonging to, *inter alia*, the defendant and Petronas. It was only just and appropriate to grant the protective order so as to ensure that the confidential information was not leaked to the detriment of the defendant. Therefore, a protective order was made to protect the confidential information disclosed by the pre-trial discovery order. (paras 18, 21 & 23)

Case(s) referred to:

BBW v. BBX & Ors [2016] 5 SLR 755 ***(refd)***

Brugger v. Medicaid [1996] FSR 362 ***(refd)***

Conor Messystems Inc v. University of British Columbia (No 4) [2007] FCA 324 ***(refd)***

Dato' Sri Andrew Kam Tai Yeow v. Tan Sri Dato' Kam Woon Wah & Ors [2018] 1 LNS 1600 HC ***(refd)***

Island Records Ltd v. Tring International Plc [1995] 3 All ER 444 ***(refd)***

LED Builders Pty Ltd v. Eagle Homes Pty Ltd [1996] 36 IPR 293 ***(refd)***

Maclaine Watson & Co Ltd v. International Tin Council (No 2) [1989] 1 Ch 286 ***(refd)***

Mobil Oil Australia Ltd & Anor v. Guina Development Pty Ltd & Anor [1996] 2 VR 34 ***(refd)***

Nguang Chan aka Nguang Chan Liquor Trade & Ors v. Hai-O Enterprise Bhd & Ors [2009] 5 MLJ 40 ***(refd)***

Permodalan MBf Sdn Bhd v. Tan Sri Datuk Seri Hamzah Abu Samah & Ors [1988] 1 CLJ 31; [1988] 1 CLJ (Rep) 244 SC ***(refd)***
Riddick v. Thames Board Mills Ltd [1977] 3 All ER 677 ***(refd)***
Roussel Uclaf v. The Imperial Chemical Industries Plc [1990] RPC 45 ***(refd)***
Science Research Council v. Nasse BL Cars Ltd (formerly Leyland Cars) V Vyas [1979] 3 All ER 673 ***(refd)***
Tokai Corporation v. DKSH Malaysia Sdn Bhd [2016] 1 LNS 1092 HC ***(refd)***
Warner-Lambert Co v. Glaxo Laboratories Ltd [1975] RPC 354 ***(refd)***

Legislation referred to:
Courts of Judicature Act 1964, s. 15(1)
Rules of Court 2012, O. 1 r. 4(1), O. 24 rr. 3(1), (4)(a), (b)(ii), 4, 7(1), (3)(a), (b)(ii), (c)(ii), 8, O. 45 r. 7(4), O. 63A r. 7(1), (4), O. 92 r. 4

For the 1st plaintiff - C Sri Kumar, Janini Rajeswaran & Lim Wei Jiet; M/s Kumar Partnership
For the defendant - Choon Hon Leng, Leong Ooi Ling & Goh Chan Yit; M/s Raja, Darryl & Loh

Reported by Najib Tamby

JUDGMENT
(encl. 176)

Wong Kian Kheong J:

Introduction

[1] In this case, after a trial, the following decision (HC's decision) is made:

(i) the suit by the first plaintiff company (first plaintiff) that the defendant company (defendant) has infringed two patents nos. MY 144898-A and MY 145004-A registered in favour of the first plaintiff under the Patents Act 1983 is allowed with costs (patent infringement); and

(ii) the suit filed by the second plaintiff company against the defendant is dismissed with costs.

(please see the High Court's decision at [2018] 1 LNS 1658; [2018] MLU 1840).

[2] The defendant has appealed to the Court of Appeal against the High Court's decision (defendant's appeal). At the time of the preparation of this judgment, the defendant's appeal is still pending.

[3] Regarding relief for patent infringement, the first plaintiff has elected to take an account of all the profits made by the defendant from the patent infringement (account of profits).

[4] For the purpose of account of profits, the first plaintiff has filed an application (encl. 176) for the discovery of, among others, the following documents by the defendant:

(i) contract documents between the defendant and Petronas Carigali Sdn. Bhd. (Petronas) for the "Mobile Offshore Production Unit" of "Sepat Project" (project);

(ii) documents between the defendant and its subcontractors, suppliers and consultants for the project; and

(iii) the defendant's income statements and transfer pricing documents regarding the project.

Issues

[5] Enclosure 176 raises the following two questions:

(i) after deciding on the liability of parties after a trial, does the court have power under O. 24 rr. 3(1) and 7(1) of the Rules of Court 2012 (RC) to order discovery of documents in aid of the account of profits (post-trial discovery order)?; and

(ii) if the court can grant a post-trial discovery order in aid of the account of profits, whether the court has the power to grant a "protective order" or "sealing order" to protect confidential information which may be disclosed pursuant to the post-trial discovery order. I am not able to find a previous Malaysian case which has decided on this issue.

Does Court Have Power To Grant Post-Trial Discovery Order?

[6] My research has revealed that in the United Kingdom (UK), when the court has decided that a defendant is liable for an infringement of the plaintiff's intellectual property (IP) rights, the plaintiff is entitled to a discovery of the defendant's documents to make an "informed decision" on whether the plaintiff elects to:

(i) claim for damages from the defendant (assessment of damages); or

(a) Account of Profits

(1) regarding the defendant's infringement of the plaintiff's IP rights. I refer to the following judgment of Lightman J in UK's High Court case of *Island Records Ltd v. Tring International Plc* [1995] 3 All ER 444, at 446-448:

With a view to the saving of costs, the practice has developed, in particular in intellectual property cases, when this is practicable, to have a 'split trial'. The action is divided into two stages. The first stage is the trial at which the issue is limited to that of liability, i.e. whether the plaintiff's rights have been infringed. The second stage, which is contingent upon liability being established at the first stage, is concerned with the question of assessment of damages and calculation of profits. In this way, the costs of exploring the issue of damages and profits are put off until it is clear that the defendant is liable and the issue really arises and requires determination. As a concomitant with this practice, there has likewise developed the practice of limiting discovery at the first stage to documents relevant to the issue of liability and excluding documents relevant only to the second stage. In this way the burden of discovery at the first stage is reduced, and the invasion of confidence necessarily involved in discovery is postponed and (if liability is not established) entirely obviated (see Baldock v. Addison [1995] 3 All ER 437, [1995] 1 WLR 158). (It may be noted that this practice was in appropriate cases adopted by the courts of equity in the nineteenth century: see *Benbow v. Low* [1880] 16 Ch D 93 at 98 and *Fennessy v. Clark* [1887] 37 Ch D 184.)

The price at which this cost and time saving is achieved is that the plaintiff will not before judgment at the first stage on the issue of liability have the benefit by means of discovery or otherwise of the information otherwise available on which the plaintiff is able to make an informed election as to remedy between an assessment of damages and an account of profits. The question which arises is whether in this situation (as in the case of a motion for judgment where likewise the plaintiff is deprived of the opportunity to obtain such information before judgment) in the course or at the conclusion of the hearing the plaintiff must elect between the two remedies or is entitled first to sufficient information to make an informed election.

Four principles are clear. First, whilst a plaintiff can apply in proceedings in the alternative for damages and an account of profits, he cannot obtain judgment for both: he can only obtain judgment for one or the other (see *Neilson v. Betts* [1871] LR 5 HL 1 and *De Vitre v. Betts* [1873] LR 6 HL 319 at 321). Second, once judgment has been entered either for damages or an account of profits, any right of election is lost: any claim to the remedy other than that for which judgment is entered is forever lost (see *United Australia Ltd v. Barclays Bank Ltd* [1940] 4 All ER 20 at 38, [1941] AC 1 at 30). *Third, a party should in general not be required to elect or be found to have elected between remedies unless and until he is able to make an informed choice. A right of election, if it is to be meaningful and not a mere gamble, must embrace the right to readily available information as to his likely entitlement in case of both the two alternative remedies. It is quite unreasonable to require the plaintiff to speculate totally in the dark as to whether or not the sum recoverable by way of damages will exceed that recoverable under an*

account of profits. In an analogous situation, it has been held unreasonable to require a plaintiff to speculate whether a payment into court is sufficient to satisfy his claim for damages for infringement of copyright before he has been afforded inspection of the records of sales in the defendant's books (see *Mate & Son v. Samuel Stephen Ltd* [1928–35] Macg CC 257 at 261). Fourth, the exercise of the right of election should not be unreasonably delayed to the prejudice of the defendant.

The question raised is whether the court can adopt a procedure which reconciles the four principles and enables a plaintiff who has established the liability of the defendant and his right to elect between remedies to secure the wherewithal to make an informed election before thereafter with reasonable promptitude committing himself to either remedy. *The need for such procedure is made the more acute by the desirability of supporting the practice of limited discovery in case of split trials and of encouraging a plaintiff who is so entitled to enter judgment at an early stage in the proceedings (thereby saving court time and costs). Whilst it is true that there is no English authority where such a procedure has been adopted or even hinted at, I think that it is open to the court to develop such a procedure and that it is just and convenient that it should do so.*

Support for this view may be found in Minnesota Mining and Manufacturing Co v. C Jeffries Pty Ltd [1993] FSR 189. On a motion for judgment for patent infringement, Sheppard J in the Federal Court of Australia granted an injunction restraining further infringement, ordered limited discovery to enable the plaintiff to make an informed election, and deferred the hearing of the application to enter judgment for an assessment of damages or an account of profits until after this discovery was furnished ….

In my view, the court can at the split trial or on any other application for judgment be invited to defer entry of judgment for damages or profits. At this stage the court may either make no order as to the remedy for infringement (as in the *Minnesota* case) or (as I would prefer) may grant a declaration that the plaintiff is entitled at his election to judgment for either. *The court may at the same time or thereafter give directions which secure that such information as is available and is reasonably required to enable the plaintiff to make an informed election (and accordingly is necessary for fairly disposing of the cause or matter: see Ord. 24, rr. 8 and 13(1)) is made available to him and that the election is made within a reasonable time thereafter. To secure that the plaintiff has the required information, the court may direct discovery, but if the information may be made available by some other satisfactory means (e.g. in an affidavit by the defendant or by way of audited accounts or reports) the court may hold that the alternative means be adopted. The court should not be deterred from this course by the fact that the information required may likewise be required on the taking of an account or an assessment. There should be no over- lengthy or unnecessarily sophisticated exercise. The plaintiff is not entitled to know*

exactly the amount of any damages or profits to which he is entitled, but only to such information as the court considers to be a fair basis in the circumstances of the particular case for an election.

(emphasis added)

[7] *Island Records* has been followed by the following cases:

(i) the judgment of Jacob J (as he then was) in UK's High Court in *Brugger v. Medicaid* [1996] FSR 362, at 363; and

(ii) Lindgren J's decision in the Federal Court of Australia in *LED Builders Pty Ltd v. Eagle Homes Pty Ltd* [1996] 36 IPR 293, at 304. The Federal Court in Australia is not its apex court.

[8] Order 24 rr. 3, 4, 7 and 8 RC provide as follows:

Order for discovery

O. 24 r. 3(1) *Subject to the provisions of this rule and of rules 4 and 8, the Court may at any time order any party to a cause or matter (whether begun by writ, originating summons or otherwise) to give discovery by making and serving on any other party a list of the documents which are or have been in his possession, custody or power and may at the same time or subsequently also order him to make and file an affidavit verifying such a list and to serve a copy thereof on the other party*.

...

(4) *The documents which a party to a cause or matter may be ordered to discover under paragraph (1) are as follows*:

(a) *the documents on which the party relies or will rely; and*

(b) *the documents which could*:

(i) *adversely affect his own case*;

(ii) *adversely affect another party's case; or*

(iii) *support another party's case.*

Order for determination of issues before discovery

O. 24 r. 4 Where on an application for an order under rule 3, it appears to the Court that any issue or question in the cause or matter should be determined before any discovery of documents is made by the parties, the Court may order for that issue or question to be determined first and give such other directions as may be necessary.

Order for discovery of particular documents

O. 24 r. 7(1) *Subject to rule 8, the Court may at any time, on the application of any party to a cause or matter, make an order requiring any other party to make an affidavit stating whether any document specified or described in the application or any class of document so specified or described is, or has at any time been, in his possession, custody or power, and if not then in his possession, custody or power when he parted with it and what has become of it*.

(2) An order may be made against a party under this rule notwithstanding that he may already have made or been required to make a list of documents or affidavit under rule 3.

(3) *An application for an order under this rule shall be supported by an affidavit stating the belief of the deponent that the party from whom discovery is sought under this rule has, or at some time had, in his possession, custody or power the document, or class of document, specified or described in the application, and that it falls within one of the following descriptions*:

(a) *a document on which the party relies or will rely*;

(b) *a document which could*:

(i) *adversely affect his own case*;

(ii) *adversely affect another party's case; or*

(iii) *support another party's case; and*

(c) *a document which may lead the party seeking discovery of it to a series of inquiry resulting in his obtaining information which may*:

(i) *adversely affect his own case*;

(ii) *adversely affect another party's case; or*

(iii) *support another party's case.*

(4) An order under this rule shall not be made in any cause or matter in respect of any party before an order under rule 3 has first been obtained in respect of that party, unless, in the opinion of the Court, the order is necessary or desirable.

Discovery to be ordered only if necessary

O. 24 r. 8 *On the hearing of an application for an order under rule 3, 7 or 7A, the Court, if satisfied that discovery is not necessary, or not necessary at that stage of the cause or matter, may dismiss or adjourn the application and shall in any case refuse to make such an order if and so far as it is of the opinion that discovery is not necessary either for disposing fairly of the cause or matter or for saving costs.*

(emphasis added).

[9] I am of the view that the court has a discretion under O. 24 rr. 3(1) and/or 7(1) RC to grant a post-trial discovery order to:

(i) assist the execution of a judgment or order - please see the judgment of UK's Court of Appeal delivered by Kerr LJ (as he then was) in *Maclaine Watson & Co Ltd v. International Tin Council (No. 2)* [1989] 1 Ch 286, at 301, 302 and 303;

(ii) enable a plaintiff to make an informed election regarding an assessment of damages or account of profits – please see *Island Records*, *Brugger* and *LED Builders*; and

(iii) to aid an assessment of damages or account of profits (as in this case).

The discretionary power of the court to grant a post-trial discovery order is clear from the words "may at any time" in O. 24 rr. 3(1) and/or 7(1) RC. It is to be noted that the words "at any time" in O. 24 r. 3(1) RC are not found in the repealed O. 24 r. 3(1) of the Rules of the High Court 1980 (RHC).

[10] In encl. 176, the first plaintiff relies on the court's inherent jurisdiction and O. 92 r. 4 RC. As explained above, O. 24 rr. 3 and 7 RC have expressly provided for the court power to grant a post-trial discovery order. It is trite law that there cannot be any resort to the court's inherent jurisdiction, court's inherent power or O. 92 r. 4 RC regarding a matter when there is an express provision of written law which applies to the matter (in this case, O. 24 rr. 3 and 7 RC) – please refer to the Supreme Court's judgment delivered by Syed Agil Barakbah SCJ in *Permodalan MBf Sdn Bhd v. Tan Sri Datuk Seri Hamzah Abu Samah & Ors* [1988] 1 CLJ 31; [1988] 1 CLJ (Rep) 244; [1988] 1 MLJ 178, at 181.

Whether Post-Trial Discovery Order Should Be Ordered

[11] Order 24 r. 3(1) RC is different from O. 24 r. 3(1) RHC. Furthermore, O. 24 rr. 3 and 7 RHC have no provisions equivalent to O. 24 rr. 3(4) and 7(3) RC. I reproduce below the relevant parts of O. 24 rr. 3 and 7 RHC:

> O. 24 r. 3(1) RHC *Subject to the provisions of this rule and of rules 4 and 8, the Court may order any party to a cause or matter (whether begun by writ, originating summons or otherwise) to make and serve on any other party a list of the documents which are or have been in his possession, custody or power relating to any matter in question in the cause or matter*, and may at the same time or subsequently also order him to make and file an affidavit verifying such a list and to serve a copy thereof on the other party.
>
> ...
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> O. 24 r. 7(1) *Subject to rule 8, the Court may at any time, on the application of any party to a cause or matter, make an order requiring any other party to make an affidavit stating whether any document specified or described in the application or any class of document so specified or described is, or has at any time been, in his possession, custody or power, and if not then in his possession, custody or power when he parted with it and what has become of it*.
>
> ...

7(3) *An application for an order under this rule must be supported by an affidavit stating the belief of the deponent that the party from whom discovery is sought under this rule has, or at some time had, in his possession, custody or power the document, or class of document, specified in the application and that it relates to one or more of the matters in question in the cause of matter.*

(emphasis added).

[12] Under O. 24 rr. 3(1) and 7(3) RHC, the court may order discovery of documents "relating to any matter in question in the cause or matter". The position under O. 24 r. 3(1) and (4) RC is different. The court may order discovery of four categories of documents (four categories) under O. 24 r. 3(1) and (4) RC as follows:

(i) a party applying for discovery (applicant) relies or will rely on the document in question (requested document);

(ii) the requested document can adversely affect the applicant's case;

(iii) the requested document can adversely affect another party's case; and/or

(iv) the requested document can support another party's case.

[13] Pursuant to O. 24 r. 7(1) and (3) RC, the court may order discovery of the following five categories of documents (five categories):

(i) the applicant relies or will rely on the requested document;

(ii) the requested document can adversely affect the applicant's case;

(iii) the requested document can adversely affect another party's case;

(iv) the requested document can support another party's case; and/or

(v) the requested document may lead the applicant to a series of inquiry resulting in the obtaining of information which may:

(a) adversely affect the applicant's case;

(b) adversely affect another party's case; and/or

(c) support another party's case.

[14] In view of the material differences in the wording between O. 24 rr. 3 and 7 RC on the one part and O. 24 rr. 3 and 7 RHC on the other part, previous cases on O. 24 rr. 3 and 7 RHC should be read with caution.

[15] I am of the following view regarding O. 24 rr. 3 and 7 RC:

(i) the court has a discretion under O. 24 rr. 3 and/or 7 RC to order discovery of documents. This is clear from the use of the permissive term "may" in O. 24 rr. 3 and 7 RC. The court's exercise of discretion to order discovery of documents pursuant to O. 24 rr. 3 and 7 RC, depends on the particular circumstances of each case. As such, cases on O. 24 rr. 3 and 7 RC are not binding legal precedents from the view point of the *stare decisis* doctrine;

(ii) O. 24 rr. 3 and 7 RC apply to a "document". Order 1 r. 4(1) RC defines a "document" to mean "anything in which information of any description is recorded and includes a claim, summons, application, judgment, order, affidavit, witness statement or any other document used in a court proceeding". In *Dato' Sri Andrew Kam Tai Yeow v. Tan Sri Dato' Kam Woon Wah & Ors* [2018] 1 LNS 1600; [2018] MLJU 1470, at [15(4)], I have expressed the following hope:

> [15(4)] ... *The term "document" is widely defined in s. 3 of the Evidence Act 1950 (EA). It is my hope that the Rules Committee may amend RC so as to apply the wide definition of "document" in s. 3 EA for the purposes of RC*;
>
> (emphasis added);

(iii) an applicant can apply under O. 24 rr. 3 and/or 7 RC against another party (X) for discovery of a requested document in X's "possession, custody or power" - please see the judgment of Tengku Baharudin Shah JCA in the Court of Appeal case of *Nguang Chan aka Nguang Chan Liquor Trade & Ors v. Hai-O Enterprise Bhd & Ors* [2009] 5 MLJ 40, at [20];

(iv) the court's power under O. 24 r. 3(1) RC is subject to O. 24 rr. 4 and 8 RC while the court's power pursuant to O. 24 r. 7(1) RC is subject to O. 24 r. 8 RC. According to O. 24 r. 8 RC, the applicant has to satisfy the court that the discovery order is necessary for:

(a) a fair disposal of the case in question; or

(b) saving costs; and

(v) the court may order discovery of any document falling within the four categories under O. 24 r. 3(1) and (4) RC. Any document within the five categories may be the subject matter of a discovery order under O. 24 r. 7(1) and (3) RC. The applicant (not X) has the burden to persuade the court to exercise its discretion to order discovery pursuant to O. 24 rr. 3 and/or 7 RC.

[16] The defendant's learned counsel has opposed encl. 176 on the ground that the requested documents sought by the first plaintiff are not "relevant" to the account of profits. I am not able to accede to this contention because O. 24 rr. 3 and 7 RC do not require the first plaintiff to prove "relevancy" of the requested documents to the account of profits. I should add that the defendant has a right to dispute the relevancy of the requested documents during the hearing of the account of profits but not at the present stage of the first plaintiff's application for a post-trial discovery order.

[17] I am satisfied that the first plaintiff has discharged the onus to satisfy this court that:

(i) the requested documents fall within the following two of the four categories under O. 24 r. 3(1) and (4) RC:

  (a) the first plaintiff relies or will rely on the requested documents for the account of profits - please see O. 24 r. 3(4)(a) RC; and/or

  (b) the requested documents can adversely affect the defendant's case in the account of profits within the meaning of O. 24 r. 3(4)(b)(ii) RC;

(ii) the requested documents constitute the following three of the five categories under O. 24 r. 7(1) and (3) RC:

  (a) the requested documents are relied on or will be relied on by the first plaintiff in the account of profits – please refer to O. 24 r. 7(3)(a) RC;

  (b) the requested documents can adversely affect the defendant's case in the account of profits as understood in O. 24 r. 7(3)(b)(ii) RC; and/or

  (c) the requested document may lead the first plaintiff to a series of inquiry resulting in the obtaining of information which may adversely affect the defendant's case in the account of profits within the meaning of O. 24 r. 7(3)(c)(ii) RC; and

(iii) O. 24 r. 8 RC is fulfilled in this case because the discovery of the requested documents is necessary to:

  (a) to dispose fairly the account of profits; and/or

  (b) save costs in respect of the account of profits.

Can Protective Order Be Granted?

[18] The defendant's learned counsel has contended that the requested documents consist of confidential information belonging to, among others defendant and Petronas (confidential information). According to the

defendant's learned counsel, the post-trial discovery order compels the defendant to disclose confidential information to the first plaintiff and if the defendant's appeal is subsequently allowed by the Court of Appeal, the defendant will be irreparably prejudiced by the disclosure of the confidential information. I am not able to accept such a submission because the confidentiality of confidential information can be safeguarded by a protective order.

[19] I am not able to find a provision of our written law which has expressly conferred power on the court to give a protective order. There are however certain provisions in our written law regarding some aspects of a protective order which will be elaborated later in this judgment.

[20] I am of the following view regarding a protective order:

(i) a protective order may be granted pursuant to the court's inherent jurisdiction, court's inherent power and/or O. 92 r. 4 RC. Such power is necessary to ensure that confidential information is disclosed to the court to enable the court to decide justly the case at hand and at the same time, to preserve the confidentiality of the information in question. I rely on the judgment of Lee Seiu Kin J in the Singapore High Court in *BBW v. BBX & Ors* [2016] 5 SLR 755, at [21]-[30], as follows:

> *The court's power to grant a sealing order*
>
> [21] *The sealing order is no doubt part and parcel of our civil procedure. In Navigator Investment Services Ltd v. Acclaim Insurance Brokers Pte Ltd* [2010] 1 SLR 25 *("Navigator"), the Court of Appeal affirmed as much when it noted (at [66]) that "[t]here are, in fact, procedures in place for the sealing of court files". Likewise, Prof Pinsler in Singapore Court Practice 2014 vol 2 (LexisNexis, 2014) describes the sealing order (at para 60/4/4) as "well- established". Yet, despite its ubiquity, the source of the court's power to grant a sealing order seems to be, hitherto, an open question.*
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> [22] *As observed by Prof Pinsler in Singapore Court Practice 2014 vol 1 (LexisNexis, 2014) (at para 42/1/17), the sealing order is not provided for in any statute or the Rules of Court (Cap 322, R 5, 2014 Rev Ed) ("ROC"). It also appears that no provision is made for it in the Supreme Court Practice Directions (1 January 2013 release). Neither have our courts pronounced on this question; indeed, it has been noted that "the legal status of [the sealing] order in general proceedings has yet to be judicially examined"* (Singapore Court Practice 2014 vol 1 at para 42/1/17).
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> [23] *Academic writers, however, have suggested that the court has the inherent power to grant a sealing order. In Singapore Court Practice 2014 vol 1, Prof Pinsler takes the view (at para 42/1/17) that the court "may have the inherent power to grant a sealing order pursuant to O. 92 r. 4 [of the ROC] in the interests of justice", although this "has yet to be declared*

as the juridical basis of the remedy". In vol 2 of the same text, Prof Pinsler argues (at para 60/4/4) that in the absence of a specific provision in the ROC, "it may be contended that a court has the inherent power ... to make a sealing order in the interest of the administration of justice".

...

[24] *This view is also shared by Asst Prof Goh Yihan ("Asst Prof Goh") in his article "The Inherent Jurisdiction and Inherent Powers of the Singapore Courts: Rethinking the Limits of their Exercise"* [2011] SJLS 178

...

[25] *In my view, the suggestion by Prof Pinsler and Asst Prof Goh makes ample sense, and I agreed that the court has the inherent power to grant a sealing order.*

[26] *First, if the sealing order is indeed an accepted part of our civil procedure (see [21] above) and if there is indeed no statutory basis for it (see [22] above), then it must necessarily follow that the court has the inherent power to grant a sealing order. To conclude otherwise would lead to the unlikely (and somewhat absurd) corollary that our courts have, through the years, been acting ultra vires in granting sealing orders.*

[27] *Second, the sealing order also falls within the descriptions given of the court's inherent power. The inherent power of the court is reflected in O. 92 r. 4 of the ROC …*

The court's inherent power "stems from the court's status and role as the adjudicating organ of the legal system" and "is to be exercised in exceptional circumstances when there is a pressing need to ensure a just outcome" (Principles of Civil Procedure at para 01.006). It has been said that "the concern is with the ability of the court to make appropriate orders to ensure the achievement of justice and the efficacy of its administration" (Singapore Court Practice 2014 vol 1 at para 1/1/7). In the arbitration context, the decision to grant a sealing order is made by weighing the principle of open justice against the need to preserve confidentiality in arbitration (see [39] below). Thus, the sealing order is fundamentally concerned with a "just outcome" as well as the "achievement of justice and the efficacy of its administration". This brings it squarely within the aforementioned descriptions of the court's inherent power.

[28] *Third, the notion of the court having the inherent power to grant a sealing order has been accepted by other courts. In The Attorney General of Nova Scotia and Ernest Harold Grainger v. Linden MacIntyre [1982] 1 SCR 175 ("MacIntyre"), the majority of the Supreme Court of Canada alluded to this when it observed (at 189) that*:

> *Undoubtedly every court has a supervisory and protecting power over its own records. Access can be denied when the ends of justice would be subverted by disclosure or the judicial documents might be used for an improper purpose* [emphasis added]

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> [29] *Indeed, numerous cases emanating from the provincial superior courts of Canada have noted (more explicitly) that the court has the inherent power to grant a sealing order ….*
>
> [30] *For the above reasons, I was of the view that the court has the inherent power to grant a sealing order.*

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(emphasis added);

(ii) the following UK cases have granted protective orders:

(a) in the Court of Appeal case of *Warner-Lambert Co v. Glaxo Laboratories Ltd* [1975] RPC 354, at 359-360, Buckley LJ ordered that only the court, C counsel and certain persons from the party applying for discovery could have access to the confidential information in question; and

(b) in *Roussel Uclaf v. The Imperial Chemical Industries Plc* [1990] RPC 45, at 50-52 Aldous J (as he then was) in the High Court imposed certain conditions on the discovery of confidential information, namely the D plaintiffs (who applied for discovery) had to undertake:

(1) that the person to whom the confidential information was to be disclosed, should not be involved in similar proceedings in a French court; and

E (2) to pay the defendants any sum the court might decide that the defendants (who disclosed the confidential information) had suffered by any wrongful disclosure of the confidential information.

The above decision by Aldous J has been affirmed on appeal to the Court of Appeal;

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(iii) Protective orders have also been granted in the following Australian cases:

(a) in *Mobil Oil Australia Ltd & Anor v. Guina Development Pty Ltd & Anor* [1996] 2 VR 34, at 39-40, Hayne JA (as he then was) in the Court G of Appeal of the State of Victoria held that in ordering a discovery of confidential information, the court may restrict access to such information to counsel, solicitor and nominated experts only; and

(b) the judgment of Finkelstein J in the Federal Court in *Conor Messystems Inc v. University of British Columbia (No 4)* [2007] FCA H 324, at [7]-[13]; and

(iv) Protective orders have been granted in many jurisdictions such as Singapore, UK, Australia, United States of America and Canada. It will be an anomaly, if not an injustice, if our courts do not have the power to grant protective orders; and

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(v) in deciding to grant a protective order or otherwise:

(a) the court should balance the following competing considerations:

(1) public interest requires all relevant evidence to be disclosed to the court so as to enable the court to decide justly the case at hand;

(2) the plaintiff's right to apply for discovery of all relevant documents in support of the plaintiff's claim; and

(3) the need to protect the defendant's proprietary interest in the confidential information in question;

(b) there is no universal or general formula to be followed - please see the judgment of Russell LJ (as he then was) in *Warner-Lambert Co*, at p. 362; and

(c) the learned judge should inspect the documents himself or herself to decide whether a protective order should be granted or not – please see *Mobil Oil Australia*, at p. 40. If parts of the confidential information are not relevant to the case in question, the court may redact those parts. Such a redacting power is clear from the following cases:

(1) please see the judgment of Lord Wilberforce in the House of Lords in *Science Research Council v. Nasse BL Cars Ltd (formerly Leyland Cars) V Vyas* [1979] 3 All ER 673, at 680; and

(2) *Tokai Corporation v. DKSH Malaysia Sdn Bhd* [2016] 1 LNS 1092; [2016] MLJU 621, at [26(1) and (2)].

[21] I have not overlooked the fact that when a party (Y) is successful in obtaining a discovery order, there is an implied undertaking by Y that Y can only use the documents disclosed by the discovery order for the case in question and not to use the documents for any collateral or ulterior purpose (implied undertaking) – please see the judgment of Lord Denning MR in UK's Court of Appeal in *Riddick v. Thames Board Mills Ltd* [1977] 3 All ER 677, at 687-688. I am of the view that the implied undertaking by the first plaintiff is not adequate in this case to protect the defendant's legitimate interest in the confidential information. It is only just and appropriate to grant the protective order so as to ensure that the confidential information is not leaked to the detriment of the defendant.

Contents Of Protective Order

[22] In the exercise of my discretion in balancing the competing interest as explained in the above sub-para. 20(v)(a), I grant the following protective order together with the post-trial discover order:

(i) the confidential information which is disclosed pursuant to the post-trial discover order (protected information) shall be used solely for the account of profits;

(ii) the protected information shall not, directly or indirectly, be disclosed in any manner to any person except to the following persons (recipients):

(a) the learned judge, Judicial Commissioner or Registrar who conducts the account of profits;

(b) court personnel who assist directly in the account of profits;

(c) the first plaintiff's counsel, solicitors and clerical staff who take part directly in the account of profits and to whom the disclosure of the protected information is necessary;

(d) the defendant's counsel, solicitors and clerical staff who take part directly in the account of profits and to whom the disclosure of the protected information is necessary;

(e) expert witnesses named by the first plaintiff (first plaintiff's experts);

(f) the defendant's expert witnesses;

(g) named representatives of the first plaintiff;

(h) the person who prepares the notes of proceedings for the account of profits (as agreed in writing by the first plaintiff and defendant) (nominated transcriber);

(i) any other person agreed in writing by the first plaintiff and defendant; and

(j) any other person permitted by court;

(iii) the recipients shall sign an undertaking to the court (in a form annexed to the protective order) wherein the recipients shall undertake, among others:

(a) not to disclose or discuss the protected information with any person even after the conclusion of the account of profits and any ensuing appeal so long as the protected information remains confidential and has not been disclosed in the public domain; and

(b) to maintain the protected information, copies, notes or other transcriptions made therefrom in any manner so as to prevent any unauthorised access to, use or disclosure of the protected information;

(iv) a copy of the protected information may be provided to the first plaintiff's experts so as to enable the first plaintiff's experts to prepare an experts' report for the purpose of the account of profits (reports of first plaintiff's experts). The reports of first plaintiff's experts shall be treated as protected information which is subject to the protective order;

(v) the recipients shall not in any manner discuss with, disclose or reveal the protected information or any part thereof to any person who is not entitled to receive the protected information according to the terms of the protective order;

(vi) the recipients shall at all times, take reasonable efforts and implement reasonable measures to prevent any unauthorised or inadvertent disclosure of the protected information or any part thereof;

(vii) the first plaintiff's counsel and solicitors shall undertake to court that they, their employees and agents shall:

(a) only make copies of the reports of first plaintiff's experts for the purpose of the account of profits; and

(b) not give, directly or indirectly, copies of the reports of first plaintiff's experts to any person except to the recipients;

(viii) this court exercises its discretion under O. 63A r. 7(4) RC to exempt the first plaintiff and defendant from filing the protected information by way of electronic filing. Order 63A r. 7(1) and (4) RC provide as follows:

> O. 63A r. 7(1) *Where a specified document is required to be filed with the Registrar under any other provision of these Rules, it shall be so filed using the electronic filing service in accordance with this Order and any practice directions for the time being issued by the Registrar*.
>
> ...
>
> (4) *Notwithstanding anything in paragraph (1), the Registrar may allow a document, part of a document or any class of documents to be filed other than by using the electronic filing service*.
>
> (emphasis added);

(ix) Protected information shall only be filed or submitted to court if it is necessary to do so and if protected information is filed or submitted to court, the protected information shall:

(a) be segregated from other documents which have been filed or submitted to court;

(b) be sealed with the following note (note) which shall be clearly visible:

> Confidential And Protected Information
>
> Pursuant to the [Protective Order], governing the preservation of confidentiality and protection of confidential documents and information, this package shall remain sealed in the Court files and is neither to be opened nor the contents thereof be accessed, displayed, disclosed or revealed except in accordance with the terms of the [Protective Order] and permitted by the Court.; and

(c) not be disclosed to, be accessible to or made available for public inspection by any person;

(x) regarding the account of profits:

(a) the proceedings of the account of profits shall be heard *in camera* (proceedings *in camera*) in accordance with the proviso to s. 15(1) of the Courts of Judicature Act 1964 (CJA). Section 15(1) CJA provides as follows:

> 15(1) *The place in which any Court is held for the purpose of trying any cause or matter, civil* or criminal*, shall be deemed an open and public court to which the public generally may have access*:
>
> *Provided that the Court shall have power to hear any cause or matter or any part thereof in camera if the Court is satisfied that it is expedient in the interests of justice,* public safety, public security or propriety*, or for other sufficient reason so to do*.
>
> (emphasis added);

(b) any person who is not a recipient shall not be allowed to attend the proceedings *in camera*;

(c) the court's "recording and transcription electronic system" shall be disabled in respect of the proceedings *in camera*;

(d) the proceedings *in camera* shall be recorded in an audio-visual form (audio-visual recording) and shall be transcribed (transcript) by the nominated transcriber; and

(e) the transcript and audio-visual recording shall:

(1) be sealed with the note which shall be clearly visible;

(2) be treated as protected information which is subject to the protective order; and

(3) only be given to the first plaintiff, defendant and their counsel and solicitors;

(xi) within 30 days of the conclusion of the account of profits and the exhaustion of all ensuing appeals:

(a) all protected information retained by:

(1) the first plaintiff;

(2) the first plaintiff's experts;

(3) the first plaintiff's counsel, solicitors and their clerical staff; and

(4) nominated transcriber

shall be completely and permanently deleted and shall not be retained or be kept in their possession;

(b) all protected information filed or submitted to court shall be handed over to the defendant's solicitors; and

(c) all the terms and conditions of the protective order which preserve the confidentiality of the protected information shall continue to be in force for so long as the protected information remains confidential and secret;

(xii) nothing in the protective order shall:

(a) affect any communication between the first plaintiff and its counsel and solicitors; and

(b) have the meaning and/or be understood that this court has made a finding and/or decision that any of the protected information is confidential. In other words, the first plaintiff is entitled to contend at the account of profits that the protected information is not confidential;

(xiii) the court may of its own motion or on application by any party, modify or vary any term of the protective order;

(xiv) the parties shall have liberty to apply for any further order - please see the *obiter dicta* of Russell LJ in *Warner-Lambert Co*, at pp. 363-364; and

(xv) Form 83 in appendix A to RC (penal notice) is endorsed on the protective order. The purpose of the penal notice is to inform any person on whom the protective order is served that if the protective order is disobeyed by the person, the person is liable to process of execution to compel the person to obey the protective order – please see O. 45 r. 7(4) RC.

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Conclusion

[23] Premised on the above evidence and reasons:

(i) enclosure 176 is allowed with costs; and

B (ii) a protective order is made to protect the confidential information disclosed by the pre-trial discovery order.

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